INFORMATION LETTER

Not for Publication — NATIONAL CANNERS ASSOCIATION — For Members Only

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Tomato Products for USDA

Intentions to buy canned tomatoes and tomato paste have been announced by the Production and Marketing Administration, USDA.

USDA expects to buy, on an offer and acceptance basis, canned tomatoes meeting at least the requirements of U. S. Grade C (Standard) and packed in No. 10, 2½, and 2 size cans.

Offers must be received by PMA not later than 5 p.m. September 15 and will be accepted not later than September 22.

USDA expects to buy, on an offer and acceptance basis, U. S. Grade A (Fancy) tomato paste in No. 10 cans.

Offers must be received by PMA not later than 5 p. m. September 22 and will be accepted not later than September 29.

Details on the programs may be obtained from Bradford Armstrong, Fruit and Vegetable Branch, PMA.

Food and Drug Codification

The N.C.A. has expressed its unalterable opposition to changes in the Federal Food, Drug, and Cosmetic Act which were proposed to be incorporated in legislation described only as a "codification" of existing law.

The Association's position was made clear in a letter from Secretary Carlos Campbell to Representative Celler (N. Y.), chairman of the House Committee on the Judiciary, which had considered and reported the "codification" bill, H. R. 9158.

H. R. 9158 proposed to codify all of the existing Title 21 of the United States Code relating to food and drugs. The Judiciary Committee reported that the purpose of H. R. 9158 "is not to change substantive law, but to put that law in a form which will be more useful and understandable."

Codification of existing food and drug laws started with the introduction of H. R. 7121 by Representative Bryson (S. C.) on February 2. In sections applicable to foods, H. R. 7121 read practically word for word with the present Food, Drug, and Cosmetic Act. Because the bill proposed only to codify existing law, it was referred to the House Judiciary Committee.

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Guarantee of Fair and Equitable Processing Margin Approved in Defense Production Bill by Both Houses

Senate approval of the "Defense Production Bill" on August 21 sent the measure to a joint Conference Committee for reconciliation of the differences between the House- and Senate-passed versions of the bill. The Conference Committee held its first meeting Thursday afternoon, August 24.

The Senate vote of 85-to-3 followed a week's debate during which a number of restrictive amendments were adopted. For the most part, these were directed to the price and wage control powers which the President had not requested.

As passed by the Senate, the bill contained language identical with that approved by the House, providing "that in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing."

In addition, the Senate-passed bill contained the so-called Bricker amendment, providing that in establishing price controls no changes shall be required in business practices nor shall the price control authority be used

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Plan Reported for Handling Priorities and Allocations

How the U. S. Department of Commerce will be organized to carry out the priorities and allocations program authorized by the "Defense Production Bill," when enacted, is described in a front-page story in *The New York Times* of August 24.

Because of the legislative situation on that date, when the "Defense Production Bill" containing an amendment granting such controls to the Secretary of Commerce was still in conference, the Department would neither confirm nor deny the accuracy of the *Times'* report. The N.C.A. learned, however, that the organizational set-up described in the *Times* conforms to an existing organization plan developed in the Department, but perhaps since superseded.

The *Times* reported that the agency handling priorities and allocations would be established in the Commerce Department, and that it has been tentatively labeled the "National Production Authority." The *Times* also reported that the new agency would be headed by William Henry Harrison, president of the International Telegraph and Telephone Company.

The *Times* story said, in part:

"Offices for General Harrison are being made ready in the Department of Commerce building. Organization blueprints have been prepared. The plan of organization parallels to a large extent the make-up of the War Production Board in the last war, and the set-up is referred to as a 'Little WPB.'

"Under current plans, General Harrison will have an advisory committee composed in part of ranking members of the Commerce Department's Busi-

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Assembly of Rations

Bids on assembly of 30,000,000 military combat C-7 rations have been invited by the Chicago Quartermaster Purchasing Office. Bids are due in Chicago under Invitation No. QM-11-009-51-370 by August 31.

Following the award of contracts for assembly, bids will be invited for some of the ration components. Meanwhile, canned fruit and jam components are being purchased by the Oakland QMPO through negotiation. Specifications for the canned components of the C-7 ration are listed in the INFORMATION LETTER of August 19, pages 257-258.

The C-7 ration will include the following fruit items: Apricots, cherries, fruit cocktail, peaches, pears, and plums. One can of fruit is to be included in each of the 30,000,000 rations.

CONGRESS

Social Security Bill Sent to President

The Senate on August 17 approved and sent to the President the Conference Committee version of H. R. 6000, the revised Social Security bill already approved by the House. The President is expected to sign the bill into law within the next few weeks.

The 1950 Social Security Amendments result in a comprehensive revision of the present federal Social Security program. Coverage has been extended to an estimated 45,000,000 people, compared with the current 35,000,000 total. Average benefits paid out under the present Social Security program will be about doubled. New contribution rate schedules for both employers and employees will go into effect. Provisions of the bill of principal interest to canners are summarized below.

Old Age Benefit Taxes

The existing Social Security law provides that all employers of one or more persons for any period of time, however short, in employment not specifically exempted from the Act are subject to the law and liable for old age benefit taxes. The employee relationship exists if the individual meets the common law definition of employee. Employers' tax contributions are based upon the first $3,000 of wages paid by each employer to each of his covered employees. The present tax rate is 1½ percent applied to the individual employee's tax base with this tax rate scheduled to become 2 percent in the year 1952 and to remain such thereafter. Employees are required to make contributions from their wages in amounts equal to that taxed against their employers.

The bill approved by Congress, reflecting a compromise between the House and Senate versions, increases the taxable wage base to $3,600 to be effective January 1, 1951, and provides for employer taxes in accordance with the following rate-schedule: 1½ percent during the period 1950-1953; 2 percent during the period 1954-1959; 2½ percent during the period 1960-1964; 3 percent during the period 1965-1969; 3¼ percent for the year 1970 and all subsequent years. Thus, while the employee's tax rate will not increase until the year 1954, employers will, because of the higher wage base, pay more on their higher paid workers during the coming year.

Employee Status

The new law generally retains the common law test for distinguishing between employees covered by the Act and separate contractors not within its coverage. It adds to the coverage, however, individuals in certain special occupational groups not necessarily meeting this test.

Among these are city and traveling salesmen engaged on a full-time basis in the solicitation, on behalf of their principals, of orders from wholesalers, retailers, hotels, restaurants or other establishments of a similar nature purchasing goods for purposes of resale or for use in their business operations. Independent food brokers acting for more than one principal are not within this category as long as their activities on behalf of other persons do not constitute mere side-line activities. Also newly included in the coverage are agent and commission drivers engaged in distributing meat, vegetable or fruit products, provided they perform the services personally and regularly, and homeworkers subject to state regulations who earn at least $50 in a calendar quarter and who work under employer specifications.

Agricultural Labor

The new bill also extends coverage by narrowing the scope of the exemptions provided for certain occupational groups. The existing exemption for "agricultural labor" is retained in the proposed law, but in a qualified form. If the agricultural employee earns $50 or more in a calendar quarter and is regularly employed, he is no longer exempt.

An individual is considered regularly employed if he works for his employer on a full-time basis for 60 days in a calendar quarter and that calendar quarter is preceded by a qualifying quarter. A qualifying quarter for this purpose is any calendar quarter during all of which the individual was continuously employed by the employer, or one in which the individual worked 60 days on a full-time basis and which was in turn preceded by a qualifying quarter. An individual is also deemed to be regularly employed by an employer during a calendar quarter if during the preceding quarter he was regularly employed within the meaning of the above definition of regular employment.

Services performed in connection with the *production* or *harvesting* of agricultural commodities are exempt without regard to the amount of wages earned or the number of days worked in the calendar quarter.

A new definition of the term "agricultural labor" further restricts the exemption. Formerly, employees engaged in handling, planting, drying, packing, processing, freezing, grading, storing, or delivering agricultural commodities to market were within the exemption if such services were performed as an incident to ordinary farming operations or to the preparation of fruits or vegetables for market. Services in connection with commercial canning or freezing operations were not, however, exempt.

The new law limits the definition of "agricultural labor" by providing that employees of a farmer engaged in the enumerated activities are within the definition only if the farmer for which they work produced more than one-half of the commodity with respect to which such services are performed. Workers engaged in such activities as employees of cooperative organizations are not exempt. Employees of a group of farmers not constituting a cooperative are exempt only if their services relate to commodities all of which were produced by members of the farm group. Any unincorporated group of farmers is to be considered a cooperative within the meaning of the Social Security Act if the number of farm operators comprising the group is in excess of 20.

Casual Labor

Casual labor not in the course of the employer's trade or business (that labor which is occasional, incidental, or irregular, and does not promote or advance the employer's trade or business) is now brought within the Act if the worker is employed at least 24 days in the calendar quarter by one employer and earns at least $50 in cash wages.

Self-Employed

The old law made no provision for those individuals who worked for themselves. H. R. 6000 brings the self-employed worker within the Act provided he nets at least $400 a year and is not a farmer, doctor, dentist, architect, engineer, accountant, or a member of certain other specified occupational groups. Covered self-employed individuals are required to pay taxes on their self-employment income at a rate of one and one-half times the rate required of employers paying taxes on their employee's income.

Individuals Entitled to Benefits

Circumstances under which individuals standing in prescribed relationships to the insured worker may obtain benefits have been liberalized. The new bill authorizes monthly benefits to the wife of a retired worker, regardles of her age, if she has in her care a child entitled to a child's insurance benefit on the basis of her husband's wage or self-employment record. Children of deceased or retired women workers are entitled to benefits without regard to the child's dependency upon its mother. Provision has been made for the payment of benefits to the dependent husband of a deceased or retired woman worker. Lump sum death payments are now to be made on the death of every insured worker to the deceased's widow or to

whomever is responsible for the deceased's burial expenses.

Benefits

Under existing law, the average monthly wage used for computing the monthly old-age benefit amounts is determined by dividing the total taxable wages paid to the worker by the total number of months elapsing after 1936 up to the quarter he attained age 65 or died. (Thus, the average monthly wage is reduced for periods in which the worker is not in covered employment.) The new bill continues this method of computation, except that a worker who has six or more quarters of coverage after 1950 will have his average monthly wage figured on the wages and elapsed time after 1950, if that method gives him a higher benefit.

The worker's primary benefit amount, which is the starting point for computation of the benefits payable to all retired workers or to those standing in the necessary relationship to the retired or deceased worker, is now to be determined by adding 50 percent of the first $100 of the worker's average monthly wage to 15 percent of the next $200. This represents a substantial increase in the amount of benefits payable to all insured employees retiring in the future with six quarters of coverage after 1950. Individuals now drawing monthly checks, or who retire in the future without six quarters of coverage after 1950, will get an average increase in benefits of 77½ percent. The minimum primary benefit amount has been raised to $20 and dependent parents of an insured worker will now get 75 percent of the worker's primary benefit.

Insured Status

Under existing law, a worker, to be fully insured (eligible for all old age, dependents, and survivor benefits), must have one quarter of coverage for each two calendar quarters elapsed after 1936 and before death or attainment of age 65. In no case, however, are more than 40 quarters of coverage required. To be currently insured (eligible for child, widowed mother, and lump sum death benefits), a worker must have six quarters of coverage out of the 13-quarter period ending with the quarter in which he died. A worker is credited with a quarter of coverage toward insured status if he is paid $50 or more in wages during a calendar quarter.

The Congressionally-approved bill makes provision for a "new start" toward a fully insured status beginning with 1950. An individual will now be fully insured if he has at least one quarter of coverage (no matter when acquired) for each two quarters elapsing after 1950 and up to his retirement or death, whichever first occurs. In no case, less than six quarters of coverage or more than 40 is required. For calendar quarters after 1950, wages of $50 or self-employment income of $100 will result in a quarter of coverage.

Rejected Provisions

The bill as it went to the President does not contain either the Senate-approved provision for combined withholding of income tax and employee social security taxes or the House-approved provision for payment of insurance benefits to totally and permanently disabled insured individuals.

Defense Production Bill

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to eliminate brand names or require grade labeling.

Conferees on the part of the Senate are Senators Maybank (S. C.), Taylor (Idaho), Fulbright (Ark.), Robertson (Va.), Sparkman (Ala.), Tobey (N. H.), Capehart (Ind.), Flanders (Vt.), and Bricker (Ohio).

House conferees are Representatives Spence (Ky.), Brown (Ga.), Patman (Tex.), Monroney (Okla.), Wolcott (Mich.), Gamble (N. Y.), and Kunkel (Pa.).

Food and Drug Codification

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Substantive changes in the law would have come before the House Committee on Interstate and Foreign Commerce (see INFORMATION LETTER of February 11, page 100).

The House Judiciary Committee, however, on July 18 reported H. R. 9158 as a clean bill and as a substitute for H. R. 7121. A study of H. R. 9158 developed the fact that the bill would make such serious substantive changes in existing food and drug laws as authorizing the establishment of vertical grading of canned foods and permitting inspection of "records" in any food factory.

These and other defects in H. R. 9158 were pointed out in Secretary Campbell's letter. They also were pointed out to the state and regional canners associations last week.

H. R. 9158 was called in its regular turn on the call of the Consent Calendar in the House on August 21. Several Representatives objected to consideration of the bill on the Consent Calendar, and the bill no longer is on the Calendar. It may be called up for debate under a rule which has been granted, but there is no indication that any House action on the bill is scheduled. In fact, the Committee now reports that it will not ask for House consideration of H. R. 9158 pending a further study of the measure.

STATISTICS

Stocks and Shipments Of Canned Vegetables

Reports on canners' stocks and shipments of canned corn and green lima beans have been compiled by the Association's Division of Statistics, and complete reports have been mailed to all canners packing these items.

Canned Corn Stocks and Shipments

	1948–49	1949–50
	(actual cases)	
Carryover, Aug. 1	194,469	4,112,712
Pack	34,410,040	33,138,318
Total supply	34,604,509	37,251,030
Stocks, Aug. 1	4,112,712	6,466,680
Shipments during July	843,174	1,827,666
Shipments, Aug. 1 to Aug. 1	30,491,797	30,784,350

Lima Bean Stocks and Shipments

	1948–49	1949–50
	(actual cases)	
Carryover, Aug. 1	.....	103,230
Pack	2,598,980	4,713,207
Total supply	2,598,980	4,816,437
Stocks, Aug. 1	103,230	1,069,265
Shipments, May 1 to Aug. 1	137,498	698,475
Shipments, Aug. 1 to Aug. 1	2,495,750	3,747,172

Canned Baby Food Stocks

Details of the canned baby food supply, stock and shipment situation, as reported by the Association's Division of Statistics, are presented below:

	1949	1950
	(thousands of dozens)	
Canner stocks, Jan. 1	53,782	55,341
Pack, Jan. through July	59,117	59,917
Supply	112,899	115,258
Canner stocks, Aug. 1	40,908	43,566
Canner shipments, July	10,916	9,002
Canner shipments, Jan. through July	71,991	71,692

BLS Retail Price Index

The Bureau of Labor Statistics this week issued its report measuring changes in the retail prices of cost of living items as of July 15. Following is a comparison of certain of the BLS retail price indexes on June 15 and on July 15 of this year:

BLS Retail Price Indexes
(1935-39 = 100)

	June 15	July 15
Beverages	295.6	304.4
Meats, poultry and fish	246.7	256.0
Fresh fruits and vegetables	233.4	238.3
Dried fruits and vegetables	225.1	224.6
All fruits and vegetables	217.2	220.8
All foods	204.6	210.0
Dairy products	177.1	179.5
Sugar and sweets	174.3	176.0
All cost of living items	170.2	172.5
Cereals and bakery products	169.6	171.3
Eggs	140.1	164.3
Canned fruits and vegetables	143.2	143.0
Fats and oils	139.6	141.3

Packaging of Fruit Preserves

The Preserve Production Survey now nearing completion by the Food Division, Office of Industry and Commerce, U. S. Department of Commerce, reports a percentage breakdown between the use of glass containers and other types of packaging for preserves and jams, jellies, fruit butters, and marmalades manufactured in 1948 and 1949, by the major product classes.

The following table shows the percentage of 1948 and 1949 production of these items that was packaged in glass:

Product Class	1948 (percent)	1949 (percent)
Preserves and jams	94.3	93.7
Jellies	90.5	88.9
Fruit butters	92.3	92.1
Marmalades	87.0	81.4
All fruit spreads	92.5	91.3

These figures are based upon reports submitted by members of the industry through August 15.

Actual poundage packed in the respective types of containers will be published in the final report and analysis scheduled to be issued in October.

DEATH

Miss Ruth Atwater

Miss Ruth Atwater, the first director of home economics work in the National Canners Association, died of a heart attack at her home in Washington on August 22. She had suffered heart illness periodically during the past three years.

Miss Atwater came to the Association in 1927 to formulate and direct what was then designated as the Home Economics Department. In this capacity she laid the foundations for much of the work now carried out by this Division. She instituted the programs of preparing and distributing information on canned foods to educational and professional home economics groups and of making constant personal contact in these fields. Miss Atwater was the author of one of the early recipe books and of many of the first information leaflets.

She was eminently fitted for her program of activities with N.C.A. Prior to entering Association service she had been director of the home economics department of Skidmore College. Following early training at Pratt Institute and at Teachers College, Columbia University, at which institution she was granted her bachelor's and master's degrees, she taught foods courses in public and high schools, at Pratt and at University of Chicago. Both before and during her service with N.C.A., Miss Atwater was a frequent contributor to women's magazines and was in demand as a speaker before food and household organizations. She was active also in her own professional organizations, having held offices with the New York State Home Economics Association, Home Economists in Business of the American Home Economics Association, and the American Dietetic Association.

Miss Atwater left the Association in 1943 and joined the staff of "What's New in Home Economics" magazine with which she was identified until her illness began three years ago. Even during this illness, when able, she had acted as a consultant-writer for various national women's magazines.

Priorities and Allocations

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ness Advisory Council but with labor also represented.

"Under the administrator and his deputy will be a number of claimant agencies under directors. These claimant agencies will be: Office of Small Business, Office of Labor Requirements, Office of Civilian Requirements, Legal Department, administrative staff and public information staff.

"In addition, there will be two major divisions known as the Division of Program Determinations and the Division of Industrial Relations. Under them will be the following offices: Iron and Steel, Metals and Minerals, Rubber, Forest Products, Construction, Textiles and Leather, Machinery and Equipment, General Production, and Utilities.

"The Department's Business Advisory Council, which has met with Secretary of Commerce Charles Sawyer at regular intervals over the last year or more, has in its membership many officials who headed departments and divisions in the old WPB. According to reports here today, many of the men are being asked to come back to duty in the National Production Authority. Sidney Weinberg, New York investment banker and a vice chairman of the WPB, is understood to be active in recruiting men for the Authority."

According to the *Times*, Mr. Harrison will be appointed an Under Secretary of Commerce—a position to which he would have to be appointed by the President with the approval of the Senate.

PROCESSING

Mobile Laboratory Activities

The N.C.A. trailer laboratory is now stationed at Biglerville, Pa., where bacteriological surveys are being conducted in plants packing tomato juice in southern Pennsylvania.

While at this location, N.C.A. field personnel will be in a position to handle service requests which might otherwise be referred to the Washington Laboratory.

The field staff consists of C. W. Bohrer, J. M. Reed, J. Yesair, and W. P. Turner. Contact with any one of this group can be made through the office of the C. H. Musselman Co., at Biglerville, Pa., or through Association headquarters.

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